

REMARKS

In the Office Action, the Examiner indicated that claims 1 through 40 are pending in the application and the Examiner rejected all claims.

The present response is filed subsequent to telephone interview with the Examiner, conducted on October 6, 2005. As discussed, Applicant has amended the independent claims to clarify that both accounts are owned by the same economic entity. Upon entry of this amendment, claims 1-40 are presently pending.

Applicant thanks the Examiner for the courtesy of the telephone interview conducted on October 6, 2005. Also present at the interview, in addition to the Examiner and Applicants' associate attorney, was Mr. Wayne Pushka, (the first inventor on the present application, and a person of skill in the art to which the invention pertains).

Claim Rejections, 35 U.S.C. §102

On page 2 of the Office Action, the Examiner rejected claims 1-40 under 35 U.S.C. §102(e) as being anticipated by U.S. Patent No. 6,360,210 to Wallman ("Wallman").

During the interview, Applicant discussed the limitations of the Wallman reference, and the disclosure of this reference was distinguished from the present invention. Certain claim amendments presented herein were discussed, which amendments clarify the characteristics and features of the claimed subject matter, as distinguished from the limited teachings of Wallman.

At the conclusion of the interview, the Examiner did not dispute that the arguments and amendments presented herein distinguish the claimed invention from the Wallman reference, and agreed to consider the Applicant's arguments upon entry of this Amendment & Response.

The claimed invention is a computer implemented method or system for optimizing investment performance of an economic entity. The invention involves providing on an investment date, a first account in a first regulatory environment where the first account owns an investment portfolio. The invention further requires the provision of a second account in a second regulatory environment. The first and second accounts are both owned by the same economic entity. Market risk is then transferred from the first account to the second account through a counterparty. However, credit risk is not transferred. Either gains or losses are then recognized in the second account at a future date from the investment date. The method and system are both computer implemented.

The claimed invention provides an investment system that has the advantage of optimizing an economic entity's investment performance. The method and system transfers an economic entity's investment risk between different regulatory environments while still maintaining the advantages of holding the investments in an initial environment and being owned by the same economic entity. The present invention provides the further advantage of creating a more flexible investment structure that can be adapted to a multiple regulatory environment.

Wallman on the other hand merely provides a computer-based system for enabling an individual investor to manage risk underlying a portfolio of securities. The Wallman system is essentially an insurance scheme where the owner of an account buys insurance from a separate

party. The system has a graphical user interface that prompts a user for information regarding the portfolio, a memory for storing the portfolio and the information regarding the portfolio; and a processor for analyzing the portfolio to determine a price to charge the user to insure the value of the portfolio at a predetermined level at a predetermined time. Wallman therefore provides a mechanism whereby investors can purchase various types of insurance on their portfolio. The investor can pay for this insurance and the risk can be sold to a third party. This mechanism takes a given portfolio and analyzes it by calculating the cost to shield the portfolio utilizing publicly traded instruments.

The present invention calculates the value of the risks in the portfolio, but advantageously and unlike the method disclosed by Wallman, splits the risks into two separate accounts owned by the same economic entity. In Wallman, it is necessary to find a publicly traded instrument (or a bundle of such instruments) to act as the hedging vehicle. The method and system of the present invention does not require any other instrument or another party to acquire an ownership role. This increases the variety of securities that an investor can hold in a portfolio, and also greatly reduces costs.

Furthermore, with the method disclosed by Wallman, the buyer is a publicly traded securities market. This requires the conversion of a hedged component of an original portfolio into a portfolio of publicly traded instruments. In applying the method disclosed by Wallman, if a publicly traded instrument that matches the risk cannot be found, then it cannot be hedged. However the claimed invention advantageously has a buyer of the other leg of the risk. The buyer is advantageously the same economic entity that holds the original portfolio.

It is therefore submitted that the claimed invention is novel over Wallman and that the Examiner's objection should be withdrawn.

Favorable reconsideration and allowance of this application are respectfully requested.

Conclusion

The present invention is not taught or suggested by the prior art. Accordingly, the Examiner is respectfully requested to reconsider and withdraw the rejection of the claims. An early Notice of Allowance is earnestly solicited.

Enclosed herewith, in triplicate, is a Petition for extension of time to respond to the Examiner's Action, along with a Credit Card Payment Form authorizing the payment of the extension fee. The Commissioner is hereby authorized to charge any additional fees or credit any overpayment associated with this communication to Deposit Account No. 19-5425.

Respectfully submitted

12/23/2005
Date


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